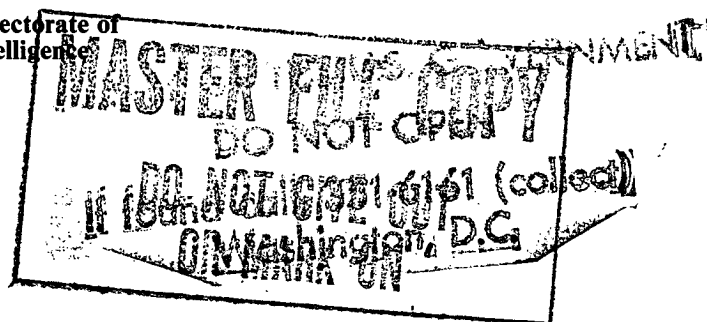




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# Indonesia: Adjusting to Economic Realities— The Dangers Ahead

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An Intelligence Assessment

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EA 83-10233  
December 1983

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# **Indonesia: Adjusting to Economic Realities— The Dangers Ahead**

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**An Intelligence Assessment**

This paper was prepared by [redacted]  
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[redacted]

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**Indonesia: Adjusting to  
Economic Realities—  
The Dangers Ahead**

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**Key Judgments**

*Information available  
as of 15 November 1983  
was used in this report.*

The second consecutive year of declining export earnings and slower growth, resulting from the world oil glut and sluggish commodity markets, is producing social strains and forcing the Soeharto government to take a more sober view of its economic prospects.

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The government has adopted tough austerity measures, which have sharply improved the trade balance and foreign exchange reserves, but together with the sluggish economy they are compounding social strains by slowing growth, reducing real incomes, and increasing unemployment. Soeharto's austerity program thus is incurring social and political costs before the potential growth benefits can be realized. To try to keep a lid on tensions, the government is directing extralegal executions of criminals and is hoping a strong recovery in the world economy will allow Indonesia to resume relatively rapid growth.

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We believe that the economy will resume growing in 1984 in response to the global economic upturn, although at a slower rate than during the oil-boom years of the late 1970s. Should the economy fail to recover rapidly enough, Soeharto will face a difficult choice between stimulative policies to create jobs, which would risk a financial crisis, or even more restrictive fiscal policies to avert a further worsening in its international payments position which could provoke growing domestic opposition. Either could lead to a loss of confidence by international bankers and subsequent financial stringency, as well as social turmoil.

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## Indonesia: Adjusting to Economic Realities— The Dangers Ahead

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### Changing the Economy's Course

President Soeharto moved aggressively during 1983 to halt the deterioration of Indonesia's financial position caused by sluggish exports and rapidly rising imports. To avoid depleting foreign exchange reserves and to preserve its international credit standing, Jakarta took the following steps:

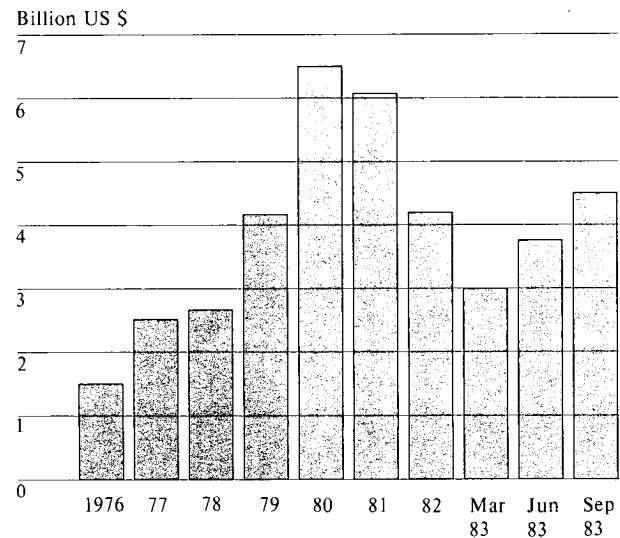
- An austere budget announced last January, which included sharp reductions in subsidies for fuel, food, and fertilizers; a continuing government pay freeze; and a squeeze on most other government spending.
- A 28-percent devaluation in March to restore the competitiveness of the rupiah, lost since the previous devaluation in November 1978.
- A rescheduling of large-scale, import-intensive industrial projects valued at over \$21 billion designed to save \$3 billion in foreign exchange expenditures in fiscal year 1983,<sup>1</sup> and an additional \$7 billion in subsequent years by canceling some projects and postponing others (see appendix).
- Banking reforms to liberalize the complex regulatory system and to encourage domestic savings and investment.

In addition, the government has introduced a comprehensive tax reform measure intended to broaden the tax base, reduce Jakarta's dependence on oil revenues—which now account for 60 percent of government receipts—simplify tax administration, and improve compliance.

The austerity program has won praise from foreign bankers and lenders, reversed the capital flight that occurred earlier this year, and is producing a substantial improvement in the current account deficit. According to US Embassy reporting, official foreign exchange reserves have recovered to about \$4.5 billion

<sup>1</sup> Indonesia's fiscal year runs from 1 April to 31 March.

**Figure 1**  
**Indonesia: Official Foreign**  
**Exchange Reserves, Including Gold<sup>a</sup>**



<sup>a</sup> As of 31 December of a given year, except as noted.

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after slipping below \$3 billion last March, and net foreign assets of the banking system have remained at about \$3.5 billion (see figure 1). If the government sticks with its austerity program, we believe Jakarta can reduce the current account deficit for FY 1983 by as much as \$1 billion below the FY 1982 deficit of \$6.7 billion and reduce it further in the next few years (see table). Although Jakarta is finding it necessary to pay higher interest spreads on its external borrowing, bankers in late 1983 remained willing to make loans as long as the Soeharto government's program appeared to be making headway in reducing the current account deficit.

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Indonesia: Current Account <sup>a</sup>

Billion US \$

	1976	1977	1978	1979	1980	1981	1982 <sup>b</sup>	1983 <sup>b</sup>
Exports, f.o.b.	9.2	10.9	11.4	18.5	22.9	23.0	19.3	17.7
Oil	6.3	7.2	6.9	11.0	15.2	16.5	13.3	11.0
LNG	0.0	0.2	0.5	1.3	2.1	2.3	2.3	2.2
Other	2.9	3.5	4.0	6.2	5.6	4.2	3.7	4.5
Imports, c.i.f.	-8.1	-8.9	-9.4	-11.9	-15.9	-20.0	-19.8	-17.5
Oil sector	1.9	1.6	1.8	2.8	3.9	5.3	4.6	4.2
LNG sector	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Other	6.2	7.3	7.5	9.0	11.9	14.6	15.1	13.2
Nonfreight services	-1.9	-2.7	-3.0	-4.3	-4.8	-5.8	-6.2	-5.9
Oil sector	0.7	1.2	1.2	1.8	1.9	2.8	3.0	3.0
LNG sector	0.0	0.1	0.2	0.6	0.7	0.8	0.9	0.9
Other	1.2	1.4	1.6	1.9	2.2	2.2	2.3	2.0
Current account	-0.8	-0.7	-1.0	2.3	2.2	-2.8	-6.7	-5.7

<sup>a</sup> Data are for Indonesia's fiscal year (1 April-31 March) and are derived from IMF data. Other estimates adjusted to a calendar year basis conform fairly closely to the fiscal year data through 1979. These estimates for 1980 and 1981, however, show current account surpluses of \$5.1 billion and \$0.5 billion, respectively, and a deficit of \$5.1 billion in 1982.

<sup>b</sup> Estimated.

Jakarta's current economic policy represents an effort by the technocrats under the leadership of Economics Coordinating Minister Ali Wardhana to balance the need to maintain Indonesia's international creditworthiness against the need for economic growth and jobs for the labor force, which is growing by 1.5 to 2 million workers annually compared with about 1.4 million a year in the 1970s.

### Sluggish Economic Performance Continues

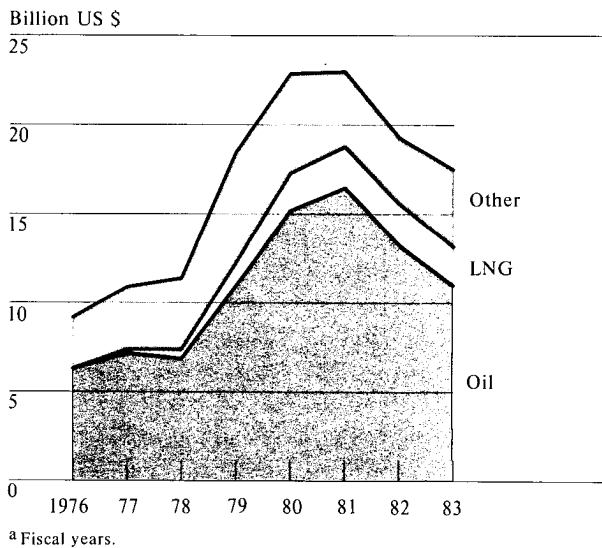
The curbs on spending and imports, while successful in shoring up Jakarta's financial position, have been a drag on Indonesia's economic growth. With oil and liquefied natural gas (LNG) accounting for over 80 percent of export earnings, the sluggish world oil market had already reduced the impetus to growth from the energy sector (see figure 2). Oil production remains close to 1.3 million barrels per day, the quota adopted in March 1982, but export earnings are below 1982 levels because of the OPEC price cut in March

1983. LNG export earnings in 1983 are down as a result of indexing prices to oil and an accident at the Bontang plant in Kalimantan last April that knocked out one of the country's five LNG production units for at least the rest of 1983. The accident is offsetting some of the gain in output expected from two new LNG units scheduled to begin operating this year and two more in 1984. Although Indonesia has increased exports of some manufactured goods such as plywood, rubber products, and textiles over the depressed levels of 1982, world demand for primary commodities, which account for 15 percent of Indonesia's exports, is recovering only slowly from last year's depressed levels.

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**Figure 2**  
**Indonesia: Exports<sup>a</sup>**



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Gains in the manufacturing sector will be modest at best this year. The government has followed a development strategy of promoting industries that produce goods to compete against imports; consequently, domestic manufacturers sell more than 90 percent of their output in heavily protected domestic markets. Because of depressed incomes, domestic demand for manufactured goods continues to be sluggish, and export prospects are only slightly better. The recent devaluation is helping improve the competitiveness of Indonesian manufactures, but protectionism in developed-country markets and quality deficiencies in manufactured goods will limit export growth, in our judgment. [redacted]

Agriculture remains a question mark. After recording gains averaging more than 8 percent annually for the preceding three years, rice production in 1982 increased by less than 4 percent, close to Indonesia's long-term average. Drought delayed planting of the main 1983 rice crop, which will result in a further slowdown in rice output growth. These developments have forced Jakarta to resume large-scale rice imports

after attaining near self-sufficiency.<sup>2</sup> Even if more normal weather permits timely planting of the main 1984 crop, we believe Jakarta will need to continue large-scale imports to rebuild its rice stocks, which by the end of 1983 the US agricultural attache expects to be no more than about 1.4 million tons. [redacted]

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### The Social Impact

The social costs of the government's austerity program have been high. Real incomes have fallen as a result of the cutbacks in fuel and food subsidies, the governmentwide wage freeze, the devaluation, and rising unemployment. Although government officials have said they intend to divert some of the savings from the canceled industrial projects to more labor-intensive construction projects, in our judgment Jakarta is unlikely to create enough jobs to employ all the displaced workers. [redacted]

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Layoffs are compounding the problem of creating jobs for the fast-growing labor force. Although the government's official figure for unemployment was only 4 percent in early 1983, it drastically understates the problem. The US Embassy estimates that at least 20 to 25 percent of the 60 million workers in the labor force are effectively unemployed, with younger workers suffering most. A World Bank study calculated that 40 percent of urban males and 76 percent of urban females in the 20 to 24 age bracket were out of work in 1980 even before the current recession. Since then, soft markets for Indonesia's exports have put large numbers out of work. The US labor attache in Jakarta estimates that in Java alone as many as 250,000 workers have been laid off in the textile, electronics, and plantation agriculture sectors in the past two years. [redacted]

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Many domestic observers, including some leading Indonesian officials, attribute both an increase in labor unrest and an upsurge in violent crime in the past two years to the rise in unemployment. The

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<sup>2</sup> In 1979 and 1980 Indonesia was the world's largest rice importer, averaging 2 million tons annually, but imports fell to 332,000 tons in 1982. According to the US Embassy, rice imports in 1983 could exceed 1.5 million tons. [redacted]

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government has responded to the crime wave with a campaign of summary shootings of "known criminals" by four-member military squads that have killed as many as 2,000 suspects so far this year [redacted]

[redacted] Although the government officially ordered a halt to the killings in August, the campaign is continuing, although on a reduced scale. [redacted]

So far neither the recession nor the government's austerity program has resulted in serious antigovernment actions. The campuses are quiet, with students still tolerating the ban on campus political organizations. Orthodox Muslims remain generally alienated from the Soeharto regime, but more for its perceived anti-Muslim political and religious policies than for its economic austerity program. They have not translated their opposition into active protest. An increase in labor restiveness has been directed largely against private, sometimes foreign, employers, but the strikes have been neither long nor violent. In addition, the government has not always sided with employers. Indeed, in its mediating role, the regime has frequently supported labor demands for moderate wage increases. [redacted]

#### **Our Projection: Slower Growth and Social Strains**

We foresee no immediate financial crisis, but we expect the Indonesian economy to grow more slowly in the next few years than during the past decade, when growth averaged nearly 8 percent annually. Although Soeharto's policies have eased the concerns of foreign lenders and investors, the depressed world oil market and sluggish rice output will cause the economy to stagnate in 1983. The growth benefits of the financial and tax reforms will not appear for some time, and efforts to promote private domestic investment and attract foreign investment are unlikely to offset the reductions in oil export earnings or government spending within the next year or so [redacted]

Growth probably will resume in 1984, but promises only limited gains in employment. Indeed, President Soeharto last August said he expects the economy to grow only 5 percent annually in the next five years, a rate the World Bank considers too slow to create enough jobs for the rapidly growing labor force. Slower growth will limit job opportunities for new entrants to the labor force and migrants from rural to

#### **The Anticrime Campaign**

*Press reports indicate Indonesia has been hit in the past two years by a sharp rise in armed robbery, mugging, and petty thievery, often accompanied by stabbings or violence that previously was not typical of petty crime in Indonesia. In response to the upsurge in urban crime, the police force mounted a series of anticrime campaigns, including a "shock treatment" in East Java involving the shooting of criminals. Because the police actions failed to halt the crime wave, security officials transferred responsibility from the police to the Army last April and authorized special units to summarily shoot "known criminals." After an initial campaign in Jogjakarta, operations expanded nationwide. [redacted]*

*The government has sought to keep its participation secret to avoid criticism from human rights groups abroad. Until August the government allowed the domestic media to report the "mysterious shootings" but then imposed a press blackout. Authorities have not been concerned about domestic criticism. Indeed, public reaction has generally been favorable. US Embassy [redacted] report that the general populace, particularly the Chinese business community, welcomed the resulting drop in crime. Even some critics of the government joined in the consensus that drastic measures were necessary. [redacted]*

*Some religious and political opposition leaders, however, have expressed fears that such extralegal tactics might establish a precedent that could be used against critics of the government. There has been growing pressure from Indonesia's Legal Aid Society, some parliamentarians, and even the Sultan of Jogjakarta, a former Vice President, to stop the campaign. [redacted]*

*Nonetheless, the shootings have had the intended effect: observers report a sharp reduction in violent crime. The results, however, could well be short lived. Widely publicized anticrime campaigns in recent years, although less drastic than the current crack-down, were effective only temporarily. [redacted]*

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**Growing Labor Restiveness**

Organized labor thus far has not challenged the government directly over the deteriorating economic situation, but observers agree that the number of labor disputes has increased sharply in recent years and they expect the trend to continue. One report cites wildcat strikes increasing from 77 in 1980 to 186 in 1981 and nearly 200 in 1982. The US labor attache reports increasing strikes in recent months over bonuses and other issues. [redacted]

Some labor leaders believe that the general passiveness of most workers indicates a willingness to cooperate with the government. We believe a more accurate explanation is worker concern with job security and strict government control of labor organizations. Jakarta largely funds the only national labor organization, the 3-million-member Indonesian Labor Union Federation (FBSI), and appoints and controls many of its leaders. [redacted]

Nonetheless, union leaders have increasingly spoken out on behalf of their members. [redacted]

[redacted] In an unusually assertive move last January, FBSI underscored this policy by issuing a press release decrying cuts in government subsidies for fuel and bus fares, urging minimal layoffs by businesses hit by recession, and demanding increased benefits in unaffected firms. [redacted]

[redacted] economic hardship could trigger increased unrest among laborers and unemployed youths [redacted]

[redacted] Responding to such concern, President Soeharto appointed Admiral Sudomo as Minister of Manpower last March. As former head of the Security Command (KOPKAMTIB), Sudomo dealt firmly with organized labor. In his new post, Sudomo has brought several former KOPKAMTIB deputies on board as troubleshooters and has reiterated earlier warnings to union leaders that he will not tolerate labor unrest. Among other actions, Sudomo has restricted wage negotiations to individual plants and banned coverage of negotiations in the press. In September he publicly warned that strikers would face pay cuts. [redacted]

At the same time, Sudomo has expressed awareness of labor's problems and has intervened on occasion in labor disputes to the advantage of striking workers. Sudomo now requires—but rarely grants—the Manpower Ministry's approval before large enterprises can lay off workers, and he has warned employers against reneging on promised or customary benefits or pay raises. Such measures, however, have done little thus far to halt the economic slide faced by workers and employers alike, and we believe labor will remain uneasy until the economy improves. [redacted]

urban areas, as well as increasing hardships for workers displaced by the slowdown in the industrial development program. Jakarta will have to design its development strategy carefully to promote job-creating industries. The government has already begun to shift public-sector spending from capital-intensive projects to more labor-intensive construction programs. In manufacturing, Jakarta needs to encourage the growth of labor-intensive consumer goods industries. According to the World Bank, however, Indonesia is already approaching the limits of import substitution in this sector and will have to adopt more export-oriented policies. [redacted]

In short, the Soeharto government probably will have to deal with increasing dissatisfaction among students and other youths whose job prospects now seem poorer than at any time in the past decade. Indonesia may still enjoy occasional financial windfalls from oil price increases, but such windfalls will probably be short lived as demand in consuming countries responds more quickly to oil price hikes. Growing social discontent, in our view, is most likely to manifest itself in

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**The 1980 Riots**

*The 1980 riots were sparked by a minor traffic accident involving an indigenous Indonesian student and a Chinese Indonesian in the Central Javanese city of Solo. The accident resulted in a dispute that erupted into mob violence that spread within days to dozens of cities in Central and East Java. The most serious destruction occurred in the provincial capital of Semarang, where hundreds of shops and factories were destroyed, vehicles burned, and eight persons died before security forces were able to quell the disturbances. Police authorities underestimated the rapidity with which the riots would spread through the towns and cities as gangs of students and unemployed youths assumed active leadership roles in whipping up anti-Chinese violence.* [redacted]

*The riots quickly took on an anti-Soeharto tone as well, with political attacks against the first family, whose ancestral home is Solo. Slogans criticized the Soeharto family's links with prominent Chinese financiers, particularly in Semarang, where Soeharto was once military commander.* [redacted]

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anti-Chinese riots, which could erupt at any time in Indonesia's cities from seemingly random incidents, as they did in Central Java in 1980. Given the likelihood of continuing economic hardship in the near term, there is a danger that any outburst could evolve into antigovernment riots. Even though most observers have no doubt about the government's ability to quell any opposition, the aging Soeharto regime is in the delicate process of transferring power to a younger generation.<sup>3</sup> In this situation, we believe Soeharto might be more sensitive to any indication of domestic dissent and could be more willing to crack down on overt opposition by such means as shutting down newspapers, banning political meetings, and harassing opposition leaders. [redacted]

[redacted]

Soeharto's financial austerity program thus is incurring social and political costs before the potential benefits can be realized. Because Indonesia's economy remains dependent on volatile world commodity markets and the weather, the technocrats can offer no guarantee that their policies will stimulate faster growth or reduce unemployment. Soeharto has adopted the technocrats' austerity program primarily to avoid the problems other debt-burdened countries are encountering. We believe he is willing to risk the political unpopularity of government spending cuts as long as he sees a prospect of economic recovery in the not-too-distant future. He has recently appointed hardliners to key cabinet posts—such as the Ministries of Labor, Home Affairs, Education, and as Commander of the Armed Forces—and would not hesitate to use force to suppress active opposition to his policies. At present we believe he would continue to follow the traditional market-oriented, financially conservative approach of the technocrats even if he were to replace some of his longtime economic advisers with younger ones. [redacted]

**A Less Likely Outcome**

Somewhat less likely, in our view, is that a strong world economic recovery would spur rapid gains in Indonesia's export markets and allow a resumption of the government's ambitious development program. To a large degree, this could be a replay of the 1978-81 oil boom years. A recovery in oil prices would improve Indonesia's financial position and permit Jakarta to ease its restrictive economic policies. Although enabling Jakarta to make up for lost ground, improved finances and better access to international borrowing could also have the undesirable side effect of easing pressure to eliminate the trade and investment barriers protecting Indonesia's inefficient manufacturing sector or to mount an effort against the corruption that increases production costs and weakens the competitiveness of Indonesian industry. [redacted]

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**Potential Strains With Washington**

*Washington's stake in the success or failure of Jakarta's economic policies is considerable. Indonesia is a supplier of crude oil, rubber, and other commodities to the United States; a market for US exports of industrial and agricultural goods; and a site for US investment in oil and gas, mining, manufacturing, forestry, plantation agriculture, banking, and financial services. Furthermore, although officially non-aligned, Indonesia is strongly anti-Communist, and its regional security concerns coincide closely with US security interests in the region. Jakarta does support Third World positions on most North-South political issues but usually takes a moderate, non-confrontational approach in public forums.* [ ]

*Although disappointed over the cancellation of President Reagan's trip to Jakarta, Indonesian officials have expressed understanding for the decision. The Indonesian press, however, has published reports of Jakarta's aversion to linking a trip to Indonesia in 1984 with the President's planned trip to China.* [ ]

*There are other potentially contentious items in US-Indonesian relations, particularly on many commodity issues. Jakarta could harden its attitude on the*

*implementation of Indonesia's archipelagic concept and hamper the movement of US naval ships and aircraft across Indonesian waters if it perceives US actions as unfair on issues such as restrictions on imports of Indonesian plywood and textiles or sales of tin from US stockpiles.* [ ]

*Indonesia's financial difficulties may lead to a harder line in negotiations with foreign firms. This has already happened in the important oil industry, in which US firms account for over 80 percent of the country's crude oil output. Jakarta has demanded a larger percentage of output from Caltex, the country's largest crude oil producer, than the 85 percent currently in force for all other production-sharing contracts. Caltex has conceded the government an 88-percent share of output. The final terms, however, may weaken Caltex's ability and incentive to invest and could also discourage new investment spending by other foreign oil companies. Outside the oil industry, Jakarta's current economic policy is causing financial difficulties for other US firms by canceling orders for equipment for the shelved industrial projects, but we would expect some of the orders to be renewed if growth resumes.* [ ]

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**Danger Signs Ahead**

Several developments by themselves or together could push the government's current strategy off track. We would watch for the following:

- External financial developments.

- Further softening in the world oil market that might result in another sharp drop in oil prices.
- A deepening global debt crisis or debt repayment difficulties of a neighboring country such as the Philippines that would lead to more retrenchment by international lenders and investors.
- A large shortfall in foreign aid contributions that would force further spending cuts in Jakarta's investment program.

- Reductions in spending by foreign oil companies, either in response to Indonesian policies or world market developments.
- Continuing stagnation in export markets that prevents recovery of export earnings.

- Domestic economy.

- A sharp drop in rice output that forces Jakarta to resume regular rice imports on the order of 2 million tons a year.
- A sharp rise in unemployment or decline in real incomes that increases economic hardship, particularly in urban areas.

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- Opposition activities.
  - Outbursts of violence, either anti-Chinese or antigovernment, that would cause large-scale capital flight and increase uncertainty among potential domestic and foreign investors.
  - Convergence of opposition elements in any unified antigovernment activity or resurgence of student activism, which might develop into an effective political opposition to the government party.
- Government policy or personnel shifts
  - Government overreaction to work stoppages, student unrest, or orthodox Muslim complaints about policies deemed to be anti-Islamic, which could create increasing resentment among various groups.
  - Extension of the anticrime campaign to groups other than known criminals, such as fundamentalist Muslims, which could lead to widespread domestic unrest.
  - Shift in cabinet positions that would introduce new personalities into key economic, political, or military ministries, which might produce shifts in influence among various factions in the government.

Should some event or combination of these events—such as a sharp drop in oil prices, a worsening global debt situation, or recurrent shortfalls in rice production—seriously damage Indonesia's finances or cause the recovery to stall, the government would have little choice but to cut spending even further and face the possibility of growing popular disaffection. In these circumstances, we believe Soeharto could be tempted to make some of the technocrats political scapegoats for the seeming failure of their policies.

If the situation deteriorated sufficiently, or if Soeharto were to depart the scene, there is a danger that Jakarta would link a decline in export earnings to protectionist policies of the industrial countries and take action against foreign investors and suppliers.

Many Indonesians, including some top government officials, already are ambivalent toward the role of foreigners in the Indonesian economy. Although most admit the need for foreign capital, technology, and management and marketing skills, there is widespread resentment against foreign domination of major industries and sending profits abroad from the exploitation of Indonesia's natural resources. This latent antiforeign sentiment could be translated into actions such as:

- Increasing the role of Pertamina in crude oil production at the expense of foreign oil companies.
- Closing off additional sectors of the economy to foreign investors.
- Promoting domestic industry by increasing restrictions on imports of manufactured goods.
- Linking trade disputes with governments of industrial countries to allowing investment by their nationals.

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## Appendix

## Indonesia: Rephased Projects

Million US \$

Ministry or Department and Project	Contract Value	Status
<b>Total</b>	<b>21,321.6</b>	<b>13,565.3 rephased</b>
<b>Mining and Energy Ministry</b>		
Bukit Asam coal	213.4	Continued
Bintan alumina	480.0	Rescheduled
Tinplate	34.8	Continued
Ombilin coal	100.0	Rescheduled
Methanol	185.0	Continued
Aromatics	1,488.0	Rescheduled
Balikpapan refinery	1,249.0	Completed
Cilacap refinery	973.0	Completed
Dumai refinery	1,403.4	Continued
Tankers	15.5	Continued
Pelita aircraft	11.8	Continued
Olefin project	349.0	Rescheduled
Musi refinery	1,350.0	Rescheduled
Suralaya power plant I and II (additional cost)	39.7	Continued
Mrica hydropower plant	211.8	Rescheduled
Pesanggaran (Bali) diesel power plant	4.6	Completed
Kupang diesel power plant	2.0	Completed
Ungaran control center	1.0	Completed
Kamojang geothermal power plant	4.0	Completed
Wadaslintang hydropower plant	20.0	Continued
Kedungombo hydropower plant	31.0	Continued
Maung hydropower plant	401.2	Canceled
Cirata hydropower plant	77.1	Continued
Suralaya III and IV	543.0	Rescheduled
Belawan III and IV	143.2	Canceled
Tersebar diesel	456.9	Rescheduled
Transmission, distribution, and control systems	343.7	Rescheduled
Power station projects	55.2	Rescheduled
Other electricity projects	470.0	Canceled

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**Indonesia: Rephased Projects (continued)***Million US \$*

Ministry or Department and Project	Contract Value	Status
<b>Communications Ministry</b>		
Bridge material	155.0	Canceled
Road improvement	393.0	Canceled
Road support	263.0	Canceled
Jabotabek road network	150.0	Rescheduled
Locomotives and spare parts	167.0	Continued
Passenger trains	92.0	Continued
Freight cars	59.3	Continued
Railway equipment (rails, bridges, and so forth)	70.6	Continued
Diesel and electric trains	25.8	Completed
Jabotabek buses	62.3	Continued
Jabotabek railway	256.0	Rescheduled
Perintis buses	27.5	Reduced
Passenger ships	186.1	Continued
Asphalt ships	11.4	Continued
Oceangoing ships	60.3	Continued
Navigational instruments	9.6	Continued
Harbor apparatus	25.5	Continued
Sea harbor project	27.3	Continued
Containers	11.0	Continued
Oceangoing ships (interisland)	225.7	To be produced domestically
Maritime training	39.4	Canceled
Harbor freight lighter	4.8	To be produced domestically
Dock and pier equipment	59.9	Canceled
Harbor equipment	24.3	To be produced domestically
Asphalt ships	10.1	Canceled
Computer	2.6	Canceled
Training equipment	15.7	Canceled
Air communications equipment	41.2	Continued
Cenkarang airport (additional cost)	53.8	Continued
Jet trainer	20.0	Canceled
Transall aircraft	104.0	Continued
Garuda hangar	169.0	Switched to French aid and domestic financing
Garuda aircraft	258.0	Continued
Telecommunications projects	161.4	Continued
Telephone systems (three contracts)	170.6	Canceled
<b>Foodstuffs (Bulog)</b>		
Transportation equipment	9.3	Continued

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**Indonesia: Rephased Projects (continued)***Million US \$*

Ministry or Department and Project	Contract Value	Status
<b>Education Ministry</b>		
Language laboratory equipment	18.5	Continued
<b>Manpower Ministry</b>		
Job training center	100.0	Reduced in scope
<b>Municipalities</b>		
Drinking water project	50.0	To be produced domestically
Garbage collection equipment	20.0	To be produced domestically
<b>Defense and Security Ministry</b>		
HAWK jet trainer	31.1	Continued
Radar	31.6	Continued
Presidential guard unit	10.0	Continued
T-34-C aircraft trainer	12.5	Continued
Bravo aircraft	4.9	Continued
Others	14.0	Continued
FMS	40.0	Continued
Other military equipment	255.9	Rescheduled
<b>Information Ministry</b>		
Television equipment	21.8	Completed
State printing office	11.0	Canceled
<b>Scientific research organizations</b>		
Batan lab, reactor equipment	131.6	Continued
Other lab equipment	75.0	Delayed
Lapan data analysis equipment	4.8	Canceled
<b>Agriculture Ministry</b>		
Sugar factory rehabilitation	114.6	Continued
Sugar factory construction	145.6	Reduced in scope
Sugar plantation equipment	13.8	Continued
Ladongi sugar factory construction	70.0	Transferred to private sector
Sugar factory infrastructure apparatus	15.9	Continued
PTP/PNP estate projects	450.0	Transferred to private sector
Cattle breeding/import project	150.0	Transferred to private sector
Plywood industry	140.0	Transferred to private sector

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**Secret****Indonesia: Rephased Projects (continued)***Million US \$*

Ministry or Department and Project	Contract Value	Status
<b>Industry Ministry</b>		
Kaltim I fertilizer plant	20.0	Reduced in scope
Kaltim II fertilizer plant	337.8	Continued
Iskandar Muda fertilizer plant	186.0	Continued
Pusri distribution facilities	63.4	Continued
Petrokimia Gresik	145.9	Continued
Tonasa III cement	85.8	Continued
Indarung IIIA cement	52.6	Continued
Indarung IIIB cement	56.2	Continued
Leces IV paper	155.5	Continued
Asaham project	249.8	Completed
Small industry	5.6	Continued
Tonasa IV cement	173.0	Transferred to private sector
Indarung IV cement	126.0	Transferred to private sector
Madura cement	276.0	Transferred to private sector
Baturaja II cement	80.0	Transferred to private sector
Airplanes and weaponry (Nurtanio)	143.0	Continued
Airplanes and weaponry (Nurtanio)	274.0	Rescheduled
Ships and so forth (P. T. Pal)	109.0	Continued
Jetfoil (P. T. Pal)	534.6	Rescheduled
Ship assembling and equipment (P. T. Pal)	230.0	Rescheduled
<b>Government private sector</b>		
Joint venture		
Aceh Kraft paper	247.0	Negotiations continuing
Cold rolling mill	558.0	Negotiations continuing
Ethylene (Olefins)	1,200.0	Rescheduled

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